

# Congress of the United States

Washington, DC 20515

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October 5, 2011

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USF/ICC  
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Hon. Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

*RE: Federal Reform of the Universal Service Fund (USF) and Inter-Carrier Compensation Regulation*

Dear Chairman Genachowski:

In a mere seven years (2003-2010), the Universal Service Fund's (USF) High Cost Program increased spending by nearly one billion dollars. This 30 percent increase in spending is unacceptable, especially at a time when families and small businesses across the country are working harder to make ends meet. That is one reason we support bringing much-needed reforms to the USF and the inter-carrier compensation (ICC) regimes. Reforming these programs is necessary to reflect changes in the communications industry since the enactment of the Telecommunications Act of 1996; specifically, the emergence of broadband and the development of competition in the communications marketplace.

We are particularly concerned that reform will not be accomplished if the FCC does not look beyond the existing structure. A plan that falls short of fiscal responsibility and fails to resolve ambiguities and competitive distortions that plague the current regime will not serve the taxpayers or the beneficiaries of the USF. We urge you to consider real reforms that guarantee continued investment in the country's broadband network infrastructure. We also urge you to consider placing a hard cap on the USF to encourage efficient allocation of broadband subsidies.

Reform should also foster competition. The FCC should affirm that, with respect to ICC, competitive carriers stand on equal footing with incumbents regardless of the facilities or technologies they use. Regulatory certainty will end resource-draining litigation among carriers and allow carriers to focus on providing service. The regulations ensuring interconnection contained in the 1996 Telecommunications Act have resulted in new voice service provider entrants being able to compete with the incumbent phone companies, and these protections must be fostered in order for this evolving competitive marketplace to continue.

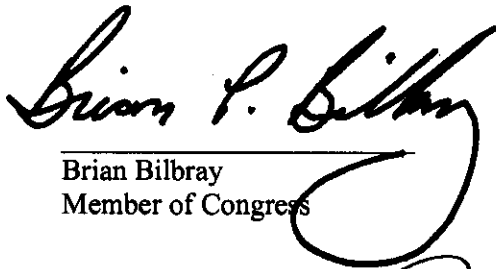
We are skeptical of any proposal that protects incumbent phone companies by granting them a "right of first refusal" to receive USF support in high-cost areas, which will have the effect of blocking the most efficient provider (cable, telephone, satellite or wireless) from providing service at lower cost. The "right of first refusal" should be eliminated to ensure resources are being deployed in the most optimal manner and without a technology bias. It is inherently to the

American public's benefit for the USF to be technology neutral to ensure the most cost-effective and efficient technology is utilized by our underserved communities.

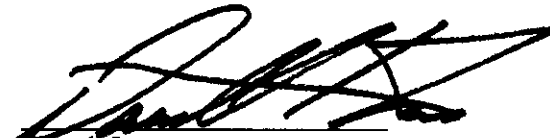
Real reform must be fiscally responsible and adopt a competitively and technologically neutral approach so that incumbent providers are not benefitted at the cost of competitors, consumers and the taxpayers. Consumers have benefitted with the increase of competitive providers, which lead to more choice, innovation, and better pricing. Any future reforms must maintain this important progress that has generated such a vibrant and dynamic marketplace.

Thank you for your consideration of these concerns.

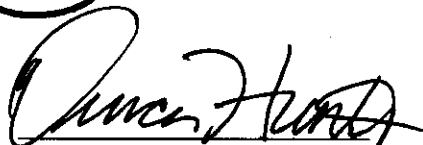
Sincerely,



Brian P. Bilbray  
Member of Congress



Darrell Issa  
Member of Congress



Duncan Hunter  
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI  
CHAIRMAN

November 17, 2011

The Honorable Brian Bilbray  
U.S. House of Representatives  
2410 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Bilbray:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21<sup>st</sup> century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", is written over the name Julius Genachowski.

Julius Genachowski

Enclosure



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI  
CHAIRMAN

November 17, 2011

The Honorable Duncan L. Hunter  
U.S. House of Representatives  
223 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Hunter:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21<sup>st</sup> century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

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Julius Genachowski

Enclosure





FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI  
CHAIRMAN

November 17, 2011

The Honorable Darrell Issa  
U.S. House of Representatives  
2347 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Issa:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21<sup>st</sup> century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

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